

T R A N S C R I P T

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Colac – Monday 24 February 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

WITNESSES

Ian Seuren, General Manager, Community and Economy,
Blaithin Butler, Manager, Planning and Building, and
Darren Rudd, Acting Coordinator, Statutory Planning, Colac Otway Shire Council;
Brooke Love, Director, Community Development, and
Rob Wandell, Coordinator, City Strategy, Warrnambool City Council; and
Chris Pike, General Manager, Placemaking and Environment, and
Kate Sullivan, Manager, Integrated Planning, Surf Coast Shire Council.

The CHAIR: Welcome back to the last session of the day. We have been delighted to be here in Colac hearing amazing things for our Inquiry into the Supply of Homes in Regional Victoria. In terms of formalities, I will just run through some matters before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means you can speak freely without fear of legal action in relation to the evidence that you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what you said during the hearing.

You will receive, or your organisations will receive, a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you so much for making the time to meet with the committee today. I am sure you have had a very, very busy day, so for you to finish the day with us, we are most appreciative. Would you like to each introduce yourself, starting with Darren, stating your role in the organisation you represent. Over to you, Darren.

Darren RUDD: Thank you, Chair. My role is Acting Coordinator, Statutory Planning, and I am with the Colac Otway shire. Thank you.

Blaithin BUTLER: Thank you, Chair. My name is Blaithin Butler. I am the Manager of Planning and Building at Colac Otway shire.

Ian SEUREN: Thanks, Chair. Ian Seuren, Colac Otway shire. I am the General Manager of Community and Economy.

Rob WANDELL: Good afternoon. Rob Wandell. I am the Coordinator of City Strategy at Warrnambool City Council.

Brooke LOVE: Good afternoon. Brooke Love, Director of Community Development, Warrnambool City Council.

Chris PIKE: Hi there. Chris Pike, General Manager of Placemaking and Environment at the Surf Coast shire.

Kate SULLIVAN: Thank you, Chair. Kate Sullivan, Manager, Integrated Planning, Surf Coast shire.

The CHAIR: Fantastic. Thank you. The wealth of experience we have in the room from our local government sector is really appreciated. Just in terms of introductions, I am the Member for Wendouree, which represents central Ballarat.

Martin CAMERON: Martin Cameron. I am the Member for Morwell – so Latrobe Valley and into Gippsland.

Daniela DE MARTINO: I am Daniela De Martino. I am the Member for Monbulk, which covers the Dandenong Ranges.

Wayne FARNHAM: Wayne Farnham, the Member for Narracan. I am in the West Gippsland region.

The CHAIR: Who would like to start with some introductory comments?

Chris PIKE: I think we are kicking off, if that is okay, Chair.

The CHAIR: Terrific, Chris. Please do.

Visual presentation.

Chris PIKE: I can see our slides are loaded up. We will be brief. Both Kate and I will talk and we will cover some of the territory you might have heard a little bit about today from the Winanglo guys and also Penny from Lorne earlier on today.

If we go to the next slide – I am going to touch on two slides; Kate has got one. Just in terms of laying out the Surf Coast context, really the short story here is a case of underutilised stock in the Surf Coast shire, where we have got a lot of spare bedrooms – 21,000 spare bedrooms that are being underutilised – and we have got a lot of houses that do not have permanent residents in them. We have got a mismatch between the types of stock that we have got. Eighty-five per cent of our housing stock is three bedrooms or more, which is in no way catering to smaller households, and we are seeing some difficulties with the development industry exploring that kind of diversity. In the Surf Coast you have got constrained developable land, especially in those coastal towns as you head down past Torquay to Anglesea, Aireys Inlet and Lorne. We will talk a bit more about where growth is in the future. We have got an affordability problem, which everybody has. We saw vacancy rates for long-term rentals get down to 0.6 per cent during COVID, and we are one of the fastest growing municipalities in Victoria.

On to the next slide: we have been quite active, as we think is the responsibility of all levels of government here. Just to give you some context, council prioritised this in its current council plan, due to be replaced this year. We are fortunate enough that they invested in a resource. It was not a latent capacity that we had in the organisation to work in the housing space, but it came at a time when all levels of government were really upping their game. In the strategic space we have started to focus our work on those future growth fronts. In Winchelsea, as Michelle touched on, we will be seeing significant growth. We have also got the last of the greenfield growth to occur at Torquay, and council has got a series of actions it is implementing under its affordable accommodation action plan mainly centred on houses on the ground. You have heard about one example in Winchelsea there; that is the one listed on the screen. We have got projects that we are working on in Aireys Inlet and Anglesea. In each instance we are using council land that either does not have a designated purpose or in Anglesea's case we are looking to more efficiently use a precinct that has community buildings on it and to reimagine that space to create some additional capacity for housing.

Kate SULLIVAN: Next slide. Through you, Chair, in terms of what that means for opportunities for action that we see, I suppose, I am just setting the scene before we dive into the importance of alignment of the three levels of government. What we have learned over the last few years as we have got more engaged is the importance of that and particularly the bipartisan policy and funding commitment coming from both state and federal governments to address the problem as well as we have started to roll our sleeves up.

Our top three challenges that were outlined on the second slide, which Chris talked about, lead us to unaffordable housing really being our biggest issue. In terms of the key opportunities, definitely the first one is around reforming the planning system to help deliver both diversity and more affordable housing, and that comes in the frame of reducing the complexity of the system; streamlining planning approvals; expanding mechanisms like the Future Homes design into regional Victoria in some of the right areas; and addressing second dwellings, but for us we have got to be careful that they do not all get taken up by short-term rental.

In terms of the second one, it is looking at introducing financial incentives to increase the supply of both affordable housing and long-term rentals. We have not delved into too much detail here, but thoughts we have had on this certainly include tax incentives around reduction in land tax for those providing long-term rental

and, in terms of creating diverse housing stock and potentially some reduction in windfall gains tax if people are supplying affordable housing in their developments.

The third one is around providing enabling infrastructure that encourages housing growth – again this has been an age-old issue for many years in terms of getting the timing of that infrastructure right so that it actually brings in people to new development areas at the right time – so the delivery of key infrastructure like schools and public transport to attract new residents before the full development of growth.

We will leave it there because we were told very clearly to keep our time short. Thank you for the opportunity to present our submission today, and we look forward to any questions you might have.

The CHAIR: Terrific. Thank you. Can I just ask one thing before we move on: you said a resource dedicated to housing – is that a role?

Chris PIKE: Yes, a role, sorry.

The CHAIR: And what would the title of that role be?

Kate SULLIVAN: Strategic initiatives coordinator, which is essentially for housing.

The CHAIR: Great. Terrific. Who is next? Hello, Warnambool.

Rob WANDELL: Thank you, Chair. Warnambool was identified in the housing statement as the main area for potential housing growth in the south-west coast region, with a draft target of 6900 new dwellings and an almost 50 per cent increase in the current 16,400 dwellings that it has taken over 175 years to develop. To be clear, there is an intent to build almost half as many houses in the next 25 years as have been built in the last 175 and that still stand today. Between 2011 and 2021 Warnambool experienced a steady population growth at an average annual growth rate of 1 per cent. While this is lower than the state average of 2 per cent from the same timeframe, it is a relative anomaly in the south-west region, where many other towns are experiencing negative growth. Warnambool's population is projected to continue to increase somewhere between 0.5 and 1.5 per cent, and as with the rest of Victoria, current population growth is driven almost entirely by net overseas migration. Furthermore, growth is almost entirely attributed to people aged 45 and over, with young people under the age of 29 in fact in negative growth, by annual average.

Over one-half of our existing family household composition is attributed to either couple families with no children or lone-person households. These two categories are similarly the fastest growing. This is in stark contrast to the existing stock of housing that has long catered for traditional families with children. The typical built form result for this demographic is the three-bedroom, one-bathroom classic regional Australian single dwelling, and this style pervades across the Warnambool landscape.

Paradoxically, the annual average growth rate of dwellings in Warnambool at 1.4 per cent is higher than that of the population growth of 1 per cent. Assuming historical equilibrium, it follows that there is currently an oversupply of dwelling delivery. However, of the 16,000 dwellings that existed in 2021, 81 per cent were separate houses. What is more, from 2011 to 2021 the number of separate houses across the LGA actually increased by 17 per cent, whereas medium density remained stagnant and apartments decreased. So the historical oversupply of a single housing typology is not only not being corrected but the scenario is in fact getting more pronounced.

As part of a current Warnambool City Council strategic project to determine appropriate land use in Warnambool to 2040 and beyond, SGS Economics and Planning have employed their housing demand model to forecast that approximately 2600 dwellings will be required to 2046 to satisfy demand in Warnambool. This is less than 40 per cent of the draft target from the housing statement of 6900. Accordingly, we submit that a housing crisis remains; however, it is less a crisis of pure demand for sheer numbers of houses – rather it is a crisis of typology, it is a crisis of access and it is a crisis of financial disparity.

Brooke LOVE: Thanks, Rob. Chair, through you. Firstly, we would like to acknowledge the efforts of the reforming initiatives imparted by the state to introduce housing supply under the Victorian housing statement as well as the funding initiatives, which we have been a recipient of and have some examples of projects, which I am not going to get into today but we will submit and can discuss later.

We have mentioned about a housing crisis remaining, and this is placing significant strain on the ability to maintain a consistent workforce, which in turn has an impact on the services that our community are able to be afforded, in particular health and human services, education services, tourism services such as food and outlets, as well as education and training and public administration. Findings from our recent business surveys – and I am aware also from Surf Coast data – are that a lack of affordable accommodation is impacting the ability to attract workers and affecting business performance.

A lack of affordable housing inhibits our communities to be able to access the support they need to thrive, and without that safety and stability of place, that has a profound rollover impact on associated health issues. In Warrnambool our households are experiencing rental stress as opposed to mortgage stress, and crucially, the severity of the housing crisis is exacerbated by the low availability of rentals – 0.4 per cent rental availability. Average costs have increased by 25 per cent in three years. As you can imagine, that has a direct impact on affordability. Just to put that in context, our median rental price is \$520 per week. One-third – or over one third of the population – earn under \$1000 per week. One half of the population earn under \$1500 per week. One third of our household structures are lone person households, which effectively is equivalent, for a single income household, of it comprising half of their wage. As at end of June last year, there were 77 rental properties available in Warrnambool. Thirty-one of those were priced at the median rental rate of \$520, and 31 were over \$700. In 2021 research undertaken by the council on social housing in Warrnambool indicated there was going to be a shortfall of 2800 houses by 2036. That is in social housing, and that is in addition to the work that is being done in our Warrnambool futures. Since then we have seen increasing instances of homelessness and obviously the affordable housing stress.

However you present the numbers, there is a shortfall of homes, and rather than demand, we believe it needs to be met by commensurate supply, in that it needs to be nuanced with the supply of right homes in the right places for the right people, and that would be responding to the demographic trend which sees us have an increase in lone person homes and households. At the same time we have a real problem with the stigma around the developments, whether they be social housing or affordable housing. The community angst about how these will impact property values is being shown out as ‘not in my backyard’ – or NIMBY – which, you would be aware. It is prevalent, it is real and it is quite deplorable when you see communities against each other and fighting these developments. There is an essential communication piece and education and an evidence-based piece of work required to support these future development initiatives.

The Big Housing Build and the Regional Housing Fund have provided a reasonable response to social housing, but an acute need for affordable housing persists. We have estimated with the state government’s initiatives and the three projects that council have initiated that there are a combined 209 houses. That is 7 per cent of the demand that we have forecast for the future.

We would like to see some solutions around supporting the planning framework, noting that the planning framework is not a delivery mechanism – council is not a housing developer – and see incentives to connect community housing agencies and developers and attract community housing agencies to areas where there is this need.

The CHAIR: Can I just say the Member for Morwell and I addressed the leadership group that came to Parliament House from Warrnambool. We got in trouble for not talking to Warrnambool during our last inquiry, so can you please let them know that you have presented and that we are looking forward to visiting Warrnambool tomorrow. We heard their message loud and clear, and we are going to Warrnambool tomorrow. That is great.

Colac, thank you for hosting us today in your beautiful shire. We are thrilled to be here.

Ian SEUREN: It is a pleasure to have you. Thanks for the opportunity to present. Darren and I will tag team on this. We have provided some written information for you. We will obviously not read through all that, but we will pick out some key points that we would like to make.

Firstly, Colac Otway Shire Council agrees with the findings of the Rural Councils Victoria housing blueprint, that nationally we are in a state of market failure where housing shortages in rural Victoria are presenting compounding social and economic challenges. This report examines the housing issues that are unique to rural areas and provides recommendations to overcome what are increasing economic challenges, such as key

worker housing and local labour market shortages that are disrupting population and economic growth in our rural areas.

We would just like to touch on our two key settlements, being Apollo Bay and Colac. Some key facts around Apollo Bay: it has a permanent population of around about 1800, but like a lot of coastal towns, that swells to over 20,000 during the peak summer period. Approximately two-thirds of the housing stock in Apollo Bay is nonresident houses, so that obviously has a big impact on long-term accommodation and housing availability and affordability. The median house price is \$913,000 and the median rent is \$550 per week, making it unaffordable for key workers. When we talk about key workers we are not just talking about hospitality workers and cleaners, we are talking about teachers, nurses, doctors and bank managers. We could not get a bank manager for months and months because they could not find a house. I will throw over to Darren.

Darren RUDD: Just repeating, the income is \$1144 per week, so it is very similar circumstances to what Warrnambool presented. The weekly rent is equivalent to 50 per cent of weekly income. I am going to just highlight some facts about Apollo Bay. The building costs there are higher. A lot of the materials, particularly concrete, have to be transported in, and those transport cross are exorbitant. The average per square metre build is \$3200 in Apollo Bay. When we have got such an acute key worker housing shortage, filling that gap and catching up is really difficult. We have provided some information too. Whilst the land price is cheaper than the metropolitan areas, that build price makes up for that difference. Land prices are around \$700 a square metre, and that means for a smaller home you will get around \$550,000, and then you are upwards of \$880,000 for a small family home.

Added to the challenges that we have, we are about to do a structure plan review in Apollo Bay. You asked some questions earlier of some previous presenters about the impacts of planning scheme overlays. They manifest in Apollo Bay because, to put it bluntly, the town cannot grow out and it cannot really grow up. There are also constraints on building heights. Through that structure plan review, we intend to do some heavy lifting as a council and look at those overlays and look at how there might be refinements to make it easier to build a home and to change the housing typology in Apollo Bay. That is also going to take a partnership with the state, because there are some state controls too that do add to the cost and do add to the complexity of making affordable homes available in places like Apollo Bay. But it is very similar to the other coastal towns that you have heard about today in terms of some of those challenges and constraints. It has been that acute, and I think you have read a number of media articles about Apollo Bay, where even the chamber of commerce have called a bit of an emergency on the fact that they cannot get workers not just in the local cafes but at a professional level as well. As we point out in the submission, that requires a partnership approach.

I will hand back to Ian just to do a bit of an introduction on Colac. We will quickly go through some facts there and then what we can do about it.

Ian SEUREN: Thanks, Darren. The issues for Colac are similar but probably less acute in terms of cost and supply of housing. A couple of quick facts around Colac: we have got a permanent population of about 12,500. Our Colac growth plan has a vision to grow to 20,000. The great thing about Colac is we do have most of the social infrastructure to be able to support that. Getting land developed is the challenge. We have got really strong large employers and a really strong agricultural sector. We have got three main employers in Colac that employ about 2000 people combined, and you heard from Shane Vicary from ADK today. Our economy is really strong, but what we do need is more workers – that is our big challenge. So the jobs are there but the housing is not.

Darren RUDD: One of the challenges with Colac is I think we have hit that really challenging point where the median house price is around \$475,000, but when you combine how our building costs have gone up so much in Colac – our land prices now are around \$300,000 and the average build price is about \$475,000 – and you add those two together, you are well over the median house price. So it was no surprise last year in Colac it dropped from around 120 homes per annum to less than 80 across the shire, and it is because of that high build cost. That is one of the things we raised: in all this somehow we have got to look at our vulnerability of our regional markets when we have failing conditions in our supply chains. Places like Colac and Apollo Bay are really affected when those types of things play out. Back to you, Ian.

Ian SEUREN: No worries. Thanks, Darren. I guess the council has not been sitting on its hands. Over the last three years we have made significant steps in bringing more developable land on the market. We have got

now a supply of well over 10 years, which is great, and our council has invested in that in partnership with the state government, but I guess more needs to be done. As an example, we are doing precinct structure planning in Colac West, which from start to finish is going to cost around about \$2 million. That is money that a small local government or small municipality like Colac Otway just cannot afford, so we do need support from the state government.

I guess the other thing that we are really concerned about, which was raised earlier, is the windfall gains tax and what impact that will have on rural Victoria. We think it is going to be significant. Our view is that this will increase resistance and further constrain land supply in smaller regional markets. We are also concerned that there is no clear nexus to show that collective taxes lead to increased state investment in infrastructure to actually unlock the additional housing supply.

Just briefly, we want to touch on social housing, which has been raised by Warrnambool. Colac Otway shire adopted its *Social Housing Plan* in 2021. What that identified was we have got 290 social housing properties but we need another 344, and in the three years since that has not really shifted and potentially got worse. We know that homelessness is increasing, and there is some data on that in the written report.

One of the other things is around inclusionary zoning for affordable and social housing. Whilst our *Social Housing Plan* does give councils some good strategic justification to negotiate with developers, essentially it is still up to, in a way, the goodwill and the understanding of developers to actually include that. Our view is that the legislation remains weak and essentially relies of the corporate social responsiveness of developers to achieve any investment in social housing.

I will now pass back to Darren just to talk about some actions that we see that government could take.

Darren RUDD: We are mindful of our time. As was mentioned by the Surf Coast, there is definitely a need for an all-of-government approach – federal, state. We have mentioned some things that are certainly important at the state level. We have mentioned just some of the challenges and inflationary impacts provided for housing through the breakdown of the supply chains. I guess our question is: is there something being done, is there an analysis to be done to make sure that we are not in that situation again in the future? We think we are in a market failure situation where there are very few reports that have been stating that and that there is a greater role for government to step in and fill some of these gaps.

There also needs to be, as mentioned earlier, an assessment of taxation not just at the federal level but also at the state level. What we are contending today is that they hit the regional markets, because they are smaller, a lot harder than what they do in the large markets, and there needs to be a rural Victoria specific analysis of how land tax and windfall gains tax are playing out. That is not to say they should be taken away; it is just to say, 'Let's have a look at the evidence and the data and let's make sure it's delivering a net community benefit not just for the metropolitan area but for rural Victoria as well.'

A lot of what Ian mentioned before about some of the infrastructure – it is important to point out with the Deans Creek project in Colac West, the PSP, a lot of the infrastructure investment is relatively modest. We are talking about 4000 additional lots. There are no schools required. There are no additional hospitals required. There might be a capacity to grow them locally, but that is all we are talking about. There are no four-lane roads required. There might be intersection treatments and upgrades, but it is fairly modest for the type of population that is required. It is not something council can do on its own, but it can provide some genuine housing opportunities. But the challenge is the cost. It is costing \$2 million to do that PSP. Our question to the committee today is: do we have to spend that much money on our planning, and do we have to take five years to get there? We were doing these 15 years ago in about 12 months for a lot less cost and arguably not an increased risk or a significantly increased risk. There is chance to look at the simplification of the planning process and the pipeline of residential land supply.

One of the things Colac would like to mention, because it has been raised, is there are some in political circles saying that local government should be a direct provider of housing. That is really difficult for a council like Colac Otway. We do not have specialist expertise in that area. We need to draw that in, and we rely on a partnership approach. Ian mentioned before there has been a lot said and a lot published about the benefits of inclusionary zoning, but it does not go beyond the talk. That is something that would help us because we cannot rely on our negotiation skills to get the private sector to do its heavy lifting. We are prepared to do ours. We are

prepared to look at our planning scheme, take a holistic look at it to see if we can make it simpler. A review has been done. We think we can do that, but there is a whole-of-government approach required to meet some of those challenges.

Finally, the target for Colac Otway shire in those housing targets is only 150. We can do much more than that. Unlike other areas, we are probably saying we can do more here. There are actually the jobs here too. And that speaks to Ian's point earlier: the jobs are here; we just cannot find somewhere for people to live to fill those jobs.

The CHAIR: Thank you very much, Darren. Before we go into more general questions, you talked about your vision for Colac of having a population of 20,000. Do you have visions for Apollo Bay and what you would like the population to be?

Darren RUDD: That is more problematic because of those land use constraints. There is a flood plain immediately to the south. There is steep land immediately to the west and north, and then there is bushfire hazard overlaid onto that. There has to be probably a different approach and an open approach to perhaps more density but in a way that does not break down the seaside village character. There is a real opportunity for council with the conversation that has to go to the community, and it speaks to the point that Brooke raised earlier too about how the community cannot say to us and government, collectively, 'Hey, we've got a problem; we need key workers. We don't want to wait in a queue for half an hour to get our coffee. We'd like to get it in a few minutes, please.' To get those workers to be able to make that coffee we need to have an open and honest conversation about where people live and we have all got to compromise.

The CHAIR: Absolutely. Deputy Chair, questions.

Martin CAMERON: Thank you. And thank you, everyone. Thanks for being so honest with us. Our role is to take all this information back with us when we compile our report as we move around the state. One of the things we hear all the time, especially in the coastal towns, is about properties that are being underutilised – I suppose, holiday homes and so forth. One of the things I want to know is: if in the perfect world that tomorrow every house was filled in these particular places, how as a council can you accommodate that? If they are all done, is the infrastructure of schools and hospitals and roads ready to go? Or will we need to have a third of these homes filled or half of these homes not as holiday homes but as permanent residences to welcome people? Is there a number that we need to achieve, rather than do the whole lot? Everyone thinks, 'Oh, goodness me, we've got 300 homes that we have got available. Let's fill them all.' Where do we sit there?

Kate SULLIVAN: For us I suppose it is really important that we do not turn it all into long-term rental, because of the importance of short-term rental and tourism for our shire. Have we cracked a number? Probably we have not done that. I suppose, from a long-term rental view, we could just free up some of that – a third, potentially – not all of it. I think it is probably more about giving people an opportunity through incentives to take that choice as well. It is a really hard balance and it is really important not to skew it, because it is a really important thing for our economy.

Martin CAMERON: That is it, because you have got the golden egg during summer, where with just the influx, you can put up with it for X amount of time.

Kate SULLIVAN: Six weeks.

Martin CAMERON: That is what people rely on to make the business work for the rest of the year.

Kate SULLIVAN: That is right.

Chris PIKE: And what I would say is sometimes you are only talking about dozens of people; you are talking about a handful of families. When there are additional families signing up to the Lorne P-12 it has a huge impact on the community. I think I heard Penny Hawe talking earlier about 50 people. It has an outsized impact on the community, and it is more realistic to be working with those numbers than anything else. It is much more significant.

The CHAIR: Daniela.

Daniela DE MARTINO: I have got a couple of questions. I think I will follow on from what Martin has just asked and your response there, Kate. Have you looked at the data of the change over time from when this happened with longer term rentals shifting more to the short term? I have been holidaying in Apollo Bay for many years, so there has been short-term accommodation there for a while. Lorne has obviously had that for a long time. Actually, I have been all along your beautiful coast. When did it shift? Looking at trends – I like data, and I like to compare things over time – when did it shift and what was the sweet spot before it tipped the wrong way? Does anyone know the answer to that question? And apologies if you do not.

Kate SULLIVAN: There is probably one. I mean, COVID had a significant impact for us, and it would have for some of the others, where a number of people were coming down to start using their holiday homes or people were choosing to move out of Melbourne and buy down here. For us it was substantial, the figures that went up – the prices of houses hitting over a million. Lorne is almost over \$2 million to purchase. Aireys and Anglesea are around that \$1.4 million to \$1.6 million. Then directly with the impact for us in terms of long-term rental was the actual rental going from \$450 a week. We used to get a lot of people coming down for that because that was a reasonable price – ‘Oh, we’re going to do a coastal sea change and have a lovely time’ – and then, bang, up to \$650, and then the rental stock just went, where either people were renting for Airbnb because they could not go overseas or travel, or they were using their holiday houses themselves.

Chris PIKE: There is a bit of an indicator in Lorne. If you go back to the structure plan in 2003, it is really hard to find evidence of this kind of issue. It is consumed with other challenges. I joined Surf Coast in 2013, and it was evident that from about 2008–09 the community started mobilising with council to explore this issue. Then once you are into the 20-teens you start seeing the emergence of the likes of Airbnb. Even heading into COVID, about a third of the stock in Lorne was regularly being listed on those platforms. There is a 20-year window where we have seen that ramp up, and it has just exponentially become more challenging, I would say, in the last five years.

Daniela DE MARTINO: Thank you.

The CHAIR: Wayne.

Wayne FARNHAM: Thank you. I do not mind who answers my question. When we talk about planning reform, it is interesting, because I talk to a lot of developers and they say we need planning reform councils and say we need planning reform. The feedback I get from developers is that councils are really hard to deal with. Councils say to me, ‘The problem with planning is we’ve got to deal with the authorities, and they take ages to get back to us,’ so that throws the anchor out on development. What is the ideal scenario on planning reform? How do we get planning permits through in an efficient timeframe, still giving local communities the opportunity to have input into that planning permit? I am a firm believer that communities should be engaged. How does that look? Anyone can go for it. I do not care who.

Darren RUDD: What we have suggested is it is perhaps different in each town. Apollo Bay, for instance, has got a myriad of overlays. We may get to the point where, subject to the community’s blessing, we might say, ‘Well, hang on. You don’t need a number of these overlays, which means you do not need a planning permit anymore.’ That is a line of inquiry we will pursue with the community. Like you said, a neighbour who is in their home or holiday home in front of the vacant block behind them that is yet to be built on is probably very curious to know what is going to happen on that vacant block. That has been a strong theme in Apollo Bay about community engagement and wanting to know. Even if there is a home extension, a lot of those require planning permits. If we are prioritising an area for settlement, we are just putting a question out there. It is a bit like a research question. Can we talk about an aspiration about how the team might change or grow through a strategic planning exercise and conversation with the community through an objective to improve accessibility to housing? Can that happen and trigger less need for planning permits? There is the complexity of reports required, and that is before you have even got architectural designs. It is a cost and it is a time delay as well.

Wayne FARNHAM: Do we think the efficiency of the authorities in their timeframe getting back to council needs to be addressed?

Darren RUDD: Yes.

Rob WANDELL: Could I offer a view. I think what is interesting is that the nuance between the conversation on regulatory reform versus timeframes is subtly different. The conversation around timeframes

primarily has to do with inner-city councils. The metric that we use often in the planning world is delivery within statutory timeframes, which is a debate on its own as to whether that is a useful metric. We compare a lot of our numbers across the south-west region, and we have councils that frequently deliver above 80 per cent on that metric. This is in stark contrast to some of the inner-city councils, where that number is less than 50, in some cases 30 and 40 per cent. In other words, less than half are actually meeting their statutory obligations. For us it is not really a matter of timeframes. I hope people would agree with me that I would include referral agencies in that as well. I think we have reasonably good relationships with the referral authorities, and the timeframe is not a factor. I think what most of us are saying today is that we need a legislative system with teeth. We need reform in the way of having better ways to deliver better outcomes versus just a timeframe conversation.

Wayne FARNHAM: Okay.

Kate SULLIVAN: I think we would agree with our colleagues generally. I think regional areas do tend to process applications a lot quicker. Although in the Surf Coast context, certainly in our coastal areas, we would be one of the most complicated planning schemes in the state – along with Mornington I think – just with bushfire management overlays, neighbourhood character overlays and then third-party appeal rights on all of those. Generally we are not too bad in terms of meeting our timelines as well.

Chris PIKE: We might be something of an outlier. With our proximity to Geelong – we are not so far from Melbourne – we are not really trying to drive that growth in those coastal towns, so when we come to Torquay and Winchelsea we are not holding a lot of anxiety about the economics for the developers to develop in those locations, because we anticipate that demand is so strong. Winchelsea will be interesting to watch, just because there is so much growth occurring in Geelong, but generally our experience has been that the demand is high on all fronts.

Kate SULLIVAN: And needing to design the controls to enable that development to happen fairly quickly, like we will have in Torquay North, so that we do not have the complicated overlays of bushfire management and neighbourhood character but we have a defined set of guidelines that developers can meet. And if they meet those, then: no permit required.

Chris PIKE: Giving them certainty.

Kate SULLIVAN: Yes.

The CHAIR: In terms of the mix of housing that is available – and this is for all three councils – what powers do you have, in approving developments, to say that you really want some small blocks or insist that there are townhouses or smaller dwellings on there? What levers have you got to pull in a local government area to insist on smaller allotments or anything like that?

Kate SULLIVAN: A lot of persuasion, from our point of view, and trying to get developers in that space. In terms of subdivisions, yes, you can get smaller dwellings and can encourage that but to get them to actually think about building one or two bedrooms is really challenging. They have a product – three-plus bedrooms – that works for them, so we tend to go in fairly hard with just a general negotiation. There are not really that many levers.

The CHAIR: Sorry, can I just drill down on that and then get to the other ones. What would be the smallest lot size in Surf Coast?

Kate SULLIVAN: We would have approximately 350 square metres in Torquay.

The CHAIR: Okay. Warrnambool?

Rob WANDELL: Sorry, the original question or the lot size question?

The CHAIR: In Warrnambool – you obviously talked about that – you have these three-bedroom houses with one bathroom, and it is not actually fitting with the needs of your community. In terms of new developments that are being approved by council, what levers have you got to pull to say, ‘Hey, can we stop doing these lots for three-bedroom houses? What are we actually doing?’ What levers do you have in a local

government area to be able to say, 'Hey, enough of that type. What we really need are one- and two-bedroom households'?

Rob WANDELL: Yes, that is a great question. Along with the comments that all three of our councils are giving back, I would just say that the levers are limited. The change for a lot of our councils is the introduction of precinct structure plans and notionally how they work in relation to planning controls. We have all had to wrap our minds around new zonings, such as the urban growth zone, and we are seeing some levers through those mechanisms to start implementing early on in that process, when the PSP itself is developed, words around it. But I think the comments that most of us are saying are that it is one thing to have a statement that says, 'Hey, we are looking for affordable housing,' some target, and it is a completely other thing to actually get someone to deliver on that message. Most of us have done housing strategies, most of us understand the demographics, most of us understand the problems. Again, it is the levers. It is not a notional lever, it is a lever with some actual requirement so that we can go beyond just saying, 'Hey, we would like you to do this.' As Kate mentioned, negotiation – it should not be a negotiation; it should be mandated.

The CHAIR: So through the PSP that we should have expected –

Rob WANDELL: Yes, or the *Planning and Environment Act*.

Kate SULLIVAN: A planning scheme amendment as well, I think, so at the start of the process, where council gets to push the button – to go, 'Right, we're ready to go' – to have done those negotiations at that point so that when we go start we have got some commitment before it goes to the minister to start the process. Our problem will be that sometimes that gets whittled down: 'Yes, yes, we'll do that, we'll do that, we'll do that,' and then over time, 'Oh, we can't afford that, and we can't do this.' That is the challenge.

The CHAIR: Colac?

Ian SEUREN: We do not have a minimum lot size. I think one of the challenges for rural areas is actually bringing your community along for the ride as well, because historically we have had quarter acre blocks, the large lots that our community like and appreciate, so when they see subdivisions of 300 metres or 350 – we do not get that many – they have concerns about that. So I guess there is a cultural piece as well. I think there are probably slightly different tangents around affordable and social housing. Colac particularly has got a number of areas of old social housing or public housing that are your standard three-bedroom houses, and we know that is not what is needed now, so we really need the state government to take a lead on some master planning for some areas, particularly in Colac, to look at the mix. The land is there and a lot of the stock is ready for renewal, so take the opportunity to do some master planning and develop a mix of housing that actually meets the needs, rather than what the needs were in the 60s and 70s.

Blaithin BUTLER: And coming back to the question about levers and lot sizes, as the other councils were saying, we are really left with negotiation, and quite often in Colac we get developers pushing back if we try to get a bit of diversity and smaller lot sizes. We have had situations where they have pushed back. They want around 600 square metres or so. That is the expectation, and it is only if that turns out to be unfeasible that they will come to the table and start looking at smaller lot sizes. Down Apollo Bay you are looking at a minimum lot size of 450, but that is really the minimum down there.

In terms of affordable housing, having worked in a system where it was mandated that you had to provide it, previous to coming to Australia, where, dependent on the area of the development site or the number of dwellings, it was a mandated requirement to provide a certain amount of affordable housing, developers were clear on that. Councils were clear. Some of the argy-bargy, if you like, was off the table, because it was more a case of how that was best provided and to ensure you did not end up with all affordable housing in one location, so you actually got a good development where you are actually integrating affordable housing into your overall developments.

The CHAIR: Very good.

Martin CAMERON: I will keep going on the subject of affordable community housing, and you were talking about the pushback you get from the residents that are going to have the development built around them. What is the answer to it? Is it dispersing the housing through the community, or is that also an issue for

residents? Obviously you have done some work in that space, Brooke, but can you just elaborate on that a little bit more, because people are crying out for the housing to be built.

Brooke LOVE: Thank you, Deputy Chair. We certainly want to see our community integrated and being able to access all services, and certainly I think to remove that stigma that is in Australian society, we would like to see a dispersal, primarily. What we are experiencing with our project is we have a large piece of council land where we have identified a specific discrete piece for 50 key worker houses and affordable homes – 25 of each – and that will become part of that larger precinct once council undertakes the planning scheme amendment for that site. But you are right – what we are seeing is that the broader community has a distinct concern. It is the presentation that they were largely concerned with, and the stigma that the residents of the new houses would not maintain their property, and so the presentation and then what that would do to the value of their homes.

I think the solution is an education piece around the definition and difference between affordable housing and social housing as well as key worker housing. We very much had to labour that point, unfortunately. So education of our community I think is largely the solution. We have spoken with real estate agents to actually look at a management model that will include a maintenance regime so that we can try and overcome their concerns, but unfortunately I think it largely comes down to the perception of the community that we have at the moment.

Chris PIKE: What we are finding is helping with that is we are slowly seeing the provision of new, modern affordable and social housing. There are examples for people to lay their eyes on, because for many people their reference point is in the past. It might be housing stock that has not been well maintained, and so that is where people approach the topic. We are blessed, as you have seen today, with some amazing civic leaders within their communities who can influence the tone of discussions within community. We have seen that shift too, and often there is the opportunity – we are not too far from Geelong – to head up to Geelong and see a recently constructed development: ‘Oh, that looks quite nice.’ It is modern housing. It does not look different from any other housing. In fact it might look better than some of the housing that is around it. So that does help with the education. It does not shy away from the reality of this debate that Brooke has talked about, and if it is particularly close to someone else’s house, then it does not matter what terminology you are using – affordable, social, whatever – it is frightening for some people. But those civic leaders are certainly being influenced by some really good quality projects that we are starting to see now.

Kate SULLIVAN: And one thing probably worth mentioning that we have seen in one of our projects is getting younger people engaged. So typically we will have the older age groups commenting on things, but through this one we were able to get really good representation in under-45s, and they have a different view. Not everyone thinks the same, but they have a different view about what is needed, and it is really important to hear that voice.

Chris PIKE: Because they are there in those communities already.

The CHAIR: Daniela, you may get the last question for the day.

Daniela DE MARTINO: Thank you, Chair. There are three shires here, which is great, because I am going to ask: what are the top three strategies you would like to see the Victorian government undertake in order to make it easier for regional housing demands to be met? Would you like to proffer one each? Whoever wants to start.

Kate SULLIVAN: I think we cheated and put them on our last slide, probably.

Daniela DE MARTINO: You did.

Kate SULLIVAN: So the reform of the planning system, financial incentives and providing enabling infrastructure.

Daniela DE MARTINO: So trunk infrastructure?

Kate SULLIVAN: Yes, and education – schools.

Chris PIKE: If we look at Winchelsea, it has 2500 and eventually it will be up to 18,000. We talked about the size of Colac at the moment. I do not know how many high schools there are in Colac. There are no high schools in Winchelsea – if you leave that until you have got 15,000 or 18,000. It is not a new problem for the state government; I know there need to be schools everywhere. But if you deliver that, then –

Kate SULLIVAN: They will come.

Chris PIKE: They will come at a faster rate.

Wayne FARNHAM: So do the infrastructure first before you do the development.

Kate SULLIVAN: As early as possible.

Chris PIKE: Not when it is down the line and everybody is screaming out for it, because it has not been driving the growth.

The CHAIR: But would I assume in that Colac West PSP that we are going to see a new school and a new kinder?

Darren RUDD: No, it is just a new kinder, Chair. That shows the infrastructure capacity is already here in Colac township, so there is an opportunity to get a really good cost-benefit through just investment in drainage, trunk infrastructure, sewer and some intersection upgrades, and possibly some connection for these settlements back to the schools with active transport or pedestrian and cycle paths, and then these communities are really set up for growth.

The CHAIR: Are you in Barwon or Wannon for water and sewer?

Darren RUDD: Barwon.

The CHAIR: Warrnambool, last word for the day.

Rob WANDELL: Last word for the day – Brooke probably has a giant list and will be angry at me to jump in here, but I think one of the things we did not mention a whole lot today that I think is an issue for a lot of regional councils is the efficiencies that we need in the construction and engineering sectors to actually deliver the housing. So we have not talked about the fact that in the Warrnambool region there is one planning consultant and there is one engineering consultant really, and I think that is the case in a lot of our regions as well. So definitely we need efficiencies in those sectors that are just beyond our councils to deliver, for both housing and associated infrastructure. And I think the underlying message there is that we need these things that everyone has mentioned without stripping away all the good things that we have done. I think the message that we are getting in some cases from the state government is ‘Burn the thing to the ground in order for it to be better’, and I think what we are saying is that we cannot give away the good work that we have done in order to find the solution.

Brooke LOVE: Well said.

The CHAIR: Thank you.

Committee adjourned.